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CONCEPT NOTE

Regular meeting of

Inter-American Council for Integral Development (CIDI)

23 FEBRUARY 2021

**THEME: CLIMATE FINANCE: THE GREEN CLIMATE FUND, NATURAL DISASTERS AND RESILIENCE**

1. **Background/Justification**

Compound risks have the potential to undermine development gains. One shock, such as an extreme weather phenomenon or a disease outbreak, can single-handedly magnify other stressors and even trigger a succession of shocks leading to larger impacts on lives, livelihoods, and ultimately development outcomes. Climate change and the Covid-19 pandemic are prime examples of compound risks.

The Economic Commission for Latin America and the Caribbean (ECLAC) estimates that the pandemic will lead to the biggest contraction in the regional Gross Domestic Product (GDP) in history, which subsequently represents contractions in the Americas capacity to sustain livelihoods, and their capacity to invest in critical sectors such as water, energy, health, education and development[[1]](#footnote-1)/. For example, the International Finance Corporation (IFC) of the World Bank estimates that water and sanitation sector in developing countries will have to increase its investments in at least 8% from the initial 114 billion USD needed to meet the Sustainable Development Goal 6 “Water and Sanitation for All” by 2030.[[2]](#footnote-2)/

The Covid-19 pandemic is straining the member states’ ability to manage risks. The governments are deploying emergency measures to address an unprecedented health crisis at a time when they are already faced with increasingly frequent and intense extreme weather phenomena and climate hazards. Interventions such as lockdowns, social distancing measures, and economic stimulus packages have been introduced to strengthen societal resilience. However, the sharp economic decline experienced in 2020, attributed in part to said interventions, further exacerbated the effects of multiple risks, which are occurring one after another or even simultaneously. Additionally, socioeconomic disparities are putting specific social groups at heightened risk and compromising recovery. The impact of the pandemic will linger for a long time, forcing governments to enact policies addressing the Covid-19 crisis itself, as well as its intersections with other regional or global crises.

Climate change ranks high amongst the many variables to be factored in when assessing the spread of infectious diseases such as malaria or dengue. For example, temperature and rainfall patterns have an effect on when and where pathogens may appear. Limiting global warming to 1.5 degrees can contribute to curbing the risk of spreading infectious diseases. Air pollution also affects the spread of pathogens. For example, a fine particle air pollution known as PM 2.5, caused primarily by fossil fuel combustion, was shown to be linked to higher Covid-19 deaths rates among people living in polluted areas.[[3]](#footnote-3)/

On the other hand, certain communities are at a disproportional disadvantage vis-à-vis the impacts of both Covid-19 and climate change. For example, after two Category 4 hurricanes —Eta and Iota— made landfall over Central America last November, the most vulnerable social groups witnessed landslides, overflowing rivers, destroyed crops, washed away cattle, and flooded schools. Poor people in rural areas were hit the worst by the succession of both hurricanes. Protecting these rural communities involved evacuation and sheltering. This approach, as sensible as it may be, conflicts with physical distancing and in-place sheltering ⎯the protocols enacted in most member states to slow the spread of Covid-19.

As compound risks, climate change and the Covid-19 pandemic can curtail the ability of member states to respond to wider threats. Furthermore, the occurrence of additional shocks during the pandemic could hinder the recovery process and further entrench existing vulnerabilities. Therefore, addressing the complex effects of compound risks with efficacy requires multidisciplinary approaches to understand their drivers, potential impacts and interactions.

Compound risks such as climate change, pandemics, and extreme weather phenomena highlight the fragility and vulnerability of infrastructure, the services and the sectors that depend on it, as well the functioning of the government, business operations and the socio-economic development processes. Homes, offices, factories, roads, water and sanitation systems, and power generation, transmission and distribution networks provide critical services and are vulnerable to myriad risks and threats. This entire infrastructure represents a major proportion of the long-term developmental investment of most countries, and is traditionally designed, built and maintained by multiple disciplinary teams. These disciplines combined should play a proactive role in ensuring that infrastructure is designed and developed in such a way that compound risks are reduced or even eradicated.

1. **Purpose of the Session**

The purpose of the session is to:

1. Take stock of the financial mechanisms and facilities available to OAS member states to address the challenges posed by climate change and other risks;
2. Outline a road map for accessing climate financing and for building capacity for project design, formulation and implementation by member states executing agencies; and
3. Define the role of SEDI in supporting the efforts of member states with accessing green financing.
4. **Relevance for SEDI**

Strengthening the implementation of sustainable development goals in accordance with the Inter-American Program for Sustainable Development (PIDS) 2016-2021.

Enhance member states’ capacities in the areas of sustainable energy, sustainable ecosystem management, disaster risk management, and water resources management.

1. **Structure of the Session**

Invited Panelists:

The Global Environment Facility (GEF)

The Green Climate Fund (GCF)

U.S.

1. **Outcomes of the Session**

A hemispheric agenda for climate financing that takes advantage of the OAS value added, while supplementing the efforts of the international financial institutions, development banks and international cooperation for development.

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1. . [Latin America and the Caribbean: Growth Projections for 2020, ECLAC 2020.](https://www.cepal.org/sites/default/files/pr/files/table_press_gdp_projections-2020-eng.pdf) [↑](#footnote-ref-1)
2. . [The Impact of COVID-19 on the Water and Sanitation Sector, IFC 2020](https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/infrastructure/resources/the+impact+of+covid-19+on+water+and+sanitation). [↑](#footnote-ref-2)
3. . [Air pollution and COVID-19 mortality in the United States: Strengths and limitations of an ecological regression analysis.](https://advances.sciencemag.org/content/6/45/eabd4049) [↑](#footnote-ref-3)